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13

14 **UNITED STATES BANKRUPTCY COURT**

15 **CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION**

16 In re:

Case No. 8:23-bk-10571-SC

17 The Litigation Practice Group P.C.,

Chapter 11

18 Debtor.

Adv. Proc. No. _____

19

20 Richard A. Marshack, Trustee of the LPG
21 Liquidation Trust,

COMPLAINT FOR:

22 Plaintiff,

**(1) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 2-YEAR ACTUAL
FRAUDULENT TRANSFERS;**

23 v.

**(2) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 2-YEAR
CONSTRUCTIVE FRAUDULENT
TRANSFERS;**

24 Make it Ring Marketing, LLC, a Florida
25 limited liability company; King Consulting
26 Group, LLC, a Florida limited liability
company; Colton King, an individual,

**(3) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 4-YEAR ACTUAL
FRAUDULENT TRANSFERS;**

27 Defendants.

**(4) AVOIDANCE, RECOVERY, AND
PRESERVATION OF 4-YEAR
CONSTRUCTIVE FRAUDULENT
TRANSFERS;**

(5) TURNOVER; AND

(6) DISALLOWANCE OF CLAIMS

Judge: Hon. Scott C. Clarkson

9 For his *Complaint for (1) Avoidance, Recovery, and Preservation of 2-Year Actual*
10 *Fraudulent Transfers; (2) Avoidance, Recovery, and Preservation of 2-Year Constructive*
11 *Fraudulent Transfers; (3) Avoidance, Recovery, and Preservation of 4-Year Actual Fraudulent*
12 *Transfers; (4) Avoidance, Recovery, and Preservation of 4-Year Constructive Fraudulent Transfers;*
13 *(5) Turnover; and (6) Disallowance of Claims* (“Complaint”), plaintiff Richard A. Marshack, the
14 former Chapter 11 Trustee for the bankruptcy estate (“Estate”) of debtor The Litigation Practice
15 Group P.C. (“Debtor” or “LPG”) and current liquidating trustee of the LPG Liquidation Trust
16 (collectively, “Trustee” or “Plaintiff”) in the above-captioned bankruptcy case (“Bankruptcy Case”),
17 alleges and avers as follows:

STATEMENT OF JURISDICTION, NATURE OF PROCEEDING, AND VENUE

19 1. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 157(b)(2)(A),
20 (E), (H) and (O), 1334(b), and General Order No. 13-05 of the District Court for the Central
21 District of California because this is a core proceeding arising in and/or related to the Bankruptcy
22 Case, which is a case under Chapter 11 of Title 11 of the United States Code (“Bankruptcy Code”),
23 and which is pending in the United States Bankruptcy Court for the Central District of California,
24 Santa Ana Division (“Bankruptcy Court”).

25 2. Regardless of whether this proceeding is core, non-core, or otherwise, Plaintiff
26 consents to the entry of a final order and judgment by the Bankruptcy Court.

27 3. Defendant is notified that Rule 7008 of the Federal Rules of Bankruptcy Procedure
28 requires Defendant to plead whether consent is given to the entry of a final order and judgment by

the Bankruptcy Court.

4. Venue of this adversary proceeding properly lies in this judicial district pursuant to 28 U.S.C. § 1409(a) because this proceeding is related to Debtor's pending Bankruptcy Case.

THE PARTIES

5. Plaintiff, Richard A. Marshack, was the duly-appointed, qualified, and acting Chapter 11 Trustee of Debtor's Estate and is now the current liquidating trustee of the LPG Liquidation Trust.

6. Debtor is, and at all material times was, a professional corporation organized, existing, and in good standing under the laws of the State of California, with its principal place of business in Tustin, California.

7. Defendant, Make it Ring Marketing, LLC (“Make it Ring” or “Defendant”), is, and at all material times represented that it was, a limited liability company existing under the laws of the State of Florida.

8. Defendant may be served by first class mail postage prepaid upon Colton King, the sole managing member of King Consulting Group, LLC, a Florida limited liability company that was a managing member of Make it Ring, at 9241 Olmstead Drive, Lake Worth, Florida 33467.

9. Defendant may also be served by first class mail postage prepaid upon Make it Ring's registered agent for service of process, Sean C. Selk, 301 Clematis Street, Suite 3000, West Palm Beach, Florida 33401.

10. Defendant King Consulting Group, LLC (“King Consulting”), is, and at all material times represented that it was, a limited liability company existing under the laws of the State of Florida.

11. King Consulting may be served by first class mail postage prepaid upon King Consulting's registered agent for service of process, Sean C. Selk, 301 Clematis Street, Suite 3000, West Palm Beach, Florida 33401.

12. Defendant Colton King (“Mr. King” and, together with Make It Ring and King Consulting, “Defendants”) is, and at all material times was, an individual resident of the State of Florida subject to service of process at 9241 Olmstead Drive, Lake Worth, Florida 33467.

GENERAL ALLEGATIONS

A. The Bankruptcy Case

3 13. On March 20, 2023 (“Petition Date”), Debtor filed a voluntary petition for relief
4 under Chapter 11 of Title 11 of the United States Code, commencing the Bankruptcy Case.

5 14. The Office of the United States Trustee (“UST”) filed its *Motion by United States*
6 *Trustee to Dismiss or Convert Case Pursuant to 11 U.S.C. § 1112(b)* [Bankr. Docket No. 21] and
7 creditors Debt Validation Fund II, LLC; MC DVI Fund 1, LLC; and MC DVI Fund 2, LLC filed
8 the *Motion by DVF and MC DVI to Dismiss Chapter 11 Case Pursuant to 11 U.S.C. §§ 105, 305,*
9 *349, & 1112, or in the Alternative Convert This Case to Chapter 7 or Appoint a Trustee* [Bankr.
10 Docket No. 44]. On May 4, 2023, the Court entered its *Order Directing United States Trustee to*
11 *Appoint Chapter 11 Trustee* [Bankr. Docket No. 58].

12 15. Pursuant to the *Acceptance of Appointment as Chapter 11 Trustee* [Bankr. Docket
13 No. 63], on May 8, 2023, Trustee accepted his appointment as the Chapter 11 Trustee in the
14 Bankruptcy Case. The Court approved the Trustee’s appointment in its *Order Approving the U.S.*
15 *Trustee’s Application for the Appointment of a Chapter 11 Trustee* [Docket No. 65].

16 16. Trustee was not appointed until after events of the case and, therefore, bases these
17 allegations on information and belief. *Soo Park v. Thompson*, 851 F.3d 910, 928 (9th Cir.
18 2017) (“The Twombly plausibility standard . . . does not prevent a plaintiff from pleading facts
19 alleged upon information and belief where the facts are peculiarly within the possession and control
20 of the defendant or where the belief is based on factual information that makes the inference of
21 culpability plausible.”); *Miller v. City of Los Angeles*, 2014 U.S. Dist. LEXIS 198871, 2014 WL
22 12610195, at *5 (C.D. Cal. Aug. 7, 2014) (recognizing that the plaintiff’s “information and belief”
23 pleading was allowed and “necessary at times”); *see also Mireskandari v. Daily Mail and General*
24 *Trust PLC*, 2013 U.S. Dist. LEXIS 194437, 2013 WL 12129642, at *4 (C.D. Cal. July 31,
25 2013) (“The Federal Rules of Civil Procedure allow parties to plead facts on ‘information and belief’
26 if the facts ‘will likely have evidentiary support after a reasonable opportunity for further
27 investigation or discovery.’” (citations omitted)).

28 | 17. Pursuant to the *Order Confirming Modified First Amended Joint Chapter 11 Plan of*

1 *Liquidation* entered September 9, 2024, and the *Notice of Occurrence of Effective Date of Modified*
2 *First Amended Joint Chapter 11 Plan of Liquidation* filed September 24, 2024, Richard A. Marshack
3 became the Liquidating Trustee of the LPG Liquidation Trust, effective September 24, 2024, and
4 he continues to serve in this capacity at this time. [Bankr. Docket Nos. 1646 & 1762].

5 18. All claims have been transferred to the Liquidating Trust pursuant to the confirmed
6 plan and Plaintiff brings this action solely in his capacity as the former Chapter 11 Trustee and
7 current Liquidating Trustee of the LPG Liquidation Trust for the benefit of Debtor's Estate and its
8 creditors.

9 **B. Protective Order**

10 19. On or about May 2, 2024, Plaintiff filed that certain Notice and Motion for Entry of
11 Protective Order (the "Protective Order Motion").

12 20. On June 3, 2024, the Court entered its Order Granting Motion for Entry of Protective
13 Order and the Protective Order [Docket No. 1270] (the "Protective Order"). A true and accurate
14 copy of the Protective Order is attached hereto as Exhibit 1 and incorporated herein by reference.

15 21. By its own terms, the Protective Order applies to this adversary proceeding and
16 governs all discovery conducted herein.

17 **C. LPG**

18 22. LPG operated a law firm for consumers across the country who sought assistance in
19 contesting or resolving debts they would identify.

20 23. The consumers would pay LPG over a period of time via monthly debits from their
21 bank accounts.

22 24. The monthly payments were meant to cover all legal services LPG provided to the
23 consumers including validation of the debts, review of documents to determine enforceability, and
24 court appearances to halt lawsuits to obtain judgments.

25 25. In certain instances, LPG would file a lawsuit in an effort to eliminate a disputed debt
26 or to prosecute affirmative claims held by the consumers.

27 26. LPG mismanaged the consumers' monthly payments.

28 27. Tony Diab is, and at all relevant times was, an individual who operated, dominated

1 and controlled LPG (“Diab”). Diab and other defendants devised a plan to fraudulently transfer
2 funds, client files, client funds and assets in the form of ACH Receivables (the “ACH Receivables”)
3 or “Accounts Receivable”) out of LPG to third parties prior to the filing of bankruptcy.

4 28. To obtain consumer clients, LPG contracted with marketing companies, who
5 engaged in illegal capping and would advertise or call to solicit consumers to become clients of LPG
6 in exchange for a percentage of the ACH Receivables collected by LPG from the consumers. The
7 marketing affiliate went so far as to assist with the execution of an engagement letter between the
8 consumer and LPG.

9 29. In exchange, LPG agreed to pay the marketing affiliates a percentage the monthly
10 payments collected by LPG from the consumers.

11 30. Because LPG received payments from consumers over time, it often sought financing
12 by borrowing against its future cash flows. This borrowing was not only used to finance operations
13 at LPG, but also to pay the fees owed to the marketing companies for providing the client referrals.

14 31. Many of the documents executed in connection with such financing described the
15 transactions as accounts receivable purchase agreements.

16 32. Diab used entities he controlled, and were his alter egos, including, without
17 limitation, Vulcan Consulting Group (“Vulcan”), Maverick Management Group LLC (“Maverick”),
18 Prime Logix, LLC (“Prime Logix”), LGS Holdco, LLC (“LGS”), and/or Coast Processing to divert
19 LPG consumer funds and ACH Receivables. Diab would use numerous ACH processing companies
20 in order to easily transfer millions of dollars from Debtor to these entities he controlled, without
21 oversight or detection, and to avoid payment disputes and complications. The money that flowed
22 from Debtor through these bank account to Defendants consisted of Client Funds that Debtor
23 funneled to these entities by means of the ACH processing companies. Debtor also made deposits
24 into these entities bank account such that they received Client Funds directly from Debtor in addition
25 to direct Accounts Receivable.

26 33. LPG transferred ACH Receivables and the associated client files in this fashion to
27 defraud creditors in a pyramid scheme and for improper personal gain.

28 34. LPG’s monthly revenue from client files was primarily received via ACH payments.

1 To process ACH payments, LPG was required to enlist the services of ACH payment processing
2 companies who handle high risk transactions. In this regard, Diab had enlisted numerous ACH
3 processing companies to easily switch between different vendors and have millions of dollars of
4 LPG funds directed to entities Diab controlled, including but not limited to Vulcan, Maverick, Prime
5 Logix, LGS, and/or Coast Processing. Diab utilized these other entities' bank accounts as LPG bank
6 accounts.

7 35. Diab instructed lenders and file purchasers to divert LPG loan proceeds or to deposit
8 money otherwise due to LPG into bank accounts he controlled on behalf of LPG but ostensibly held
9 by Vulcan, Maverick, Prime Logix, LPG and/or Coast Processing. Diab used all of these proceeds
10 as if they were LPG funds, because they were.

11 36. At or around the Petition Date, Diab transferred or sold approximately 15,000 LPG
12 client files to Oakstone Law Group PC ("Oakstone"), 12,000 LPG files to Consumer Legal Group
13 ("CLG"), and the remaining LPG files, approximated at slightly less than 40,000, to Phoenix Law,
14 PC ("Phoenix").

15 37. Pursuant to the asset purchase agreement between LPG and CLG, Diab instructed
16 CLG to initiate the ACH debits on the transferred files, which it did through Optimum Bank and its
17 processing entity LGS Holdco.

18 38. At or around the Petition Date, Diab transferred, for no consideration, approximately
19 8,000 files (previously transferred to Phoenix) to Heshy Deutsch ("Deutsch") and Israel Reiches
20 ("Reiches"). Diab instructed Deutsch and Reiches, by and through their co-conspirators Sam Geiger
21 and Solomon Feig, to initiate the ACH debits on the transferred files, which they did through BCB
22 Bank and a processing entity known as CLG Processing, into accounts, not in the name of LPG, but
23 that held funds of behalf of LPG and disbursed those funds for LPG.

24 39. The funds obtained from the ACH debits described in paragraphs 37 and 38 above
25 were deposited in Maverick and Prime Logix accounts, among others.

26 40. LPG's ACH Receivables were the primary, if not exclusive source of funds, for
27 Validation Partners, Vulcan, Oakstone, PECC, Prime Logix, Coast Processing, LGS, and Maverick.
28 As set forth above, the other sources of funds for these entities are the proceeds of LPG assets (i.e.,

1 file purchase account receivable proceeds) or constitute loan proceeds for which LPG alone was
2 liable.

3 41. Diab frequently diverted the LPG money pulled from its consumer clients and other
4 funds it received through investors and lenders, to and through these entities.

5 42. Diab frequently would direct these entities to pay affiliates (aka marketing capers),
6 MCA lenders, and others with LPG assets.

7 43. Diab would instruct others at LPG and these entities on how to manage and transfer
8 these funds to and from these entities and LPG interchangeably.

9 **D. Defendants**

10 44. Defendant Make it Ring was one of the marketing companies that procured clients
11 for LPG.

12 45. Based on information and belief, Make it Ring acted as a marketing affiliate for LPG.

13 46. LPG agreed to pay, and in fact paid, Defendant a portion of the monthly payments
14 received from consumers referred by Defendants.

15 47. Defendant also likely entered into agreements pursuant to which it purported to sell
16 accounts receivable back to LPG.

17 48. On information and belief, King Consulting (a) received transfers from Debtor as an
18 initial, immediate, or mediate transferee; (b) received transfers from Defendant as a mediate
19 transferee; (c) directed or controlled Defendant's conduct and, as such, was responsible in some
20 manner for the occurrences alleged herein; and/or (d) was used to shield Debtor's assets from
21 collection, levy or execution, and to otherwise, hinder, delay and defraud the Debtor and its
22 creditors.

23 49. On information and belief, Mr. King (a) received transfers from Debtor as an initial,
24 immediate, or mediate transferee; (b) received transfers from Defendant as a mediate transferee; (c)
25 directed or controlled Defendant's conduct and, as such, was responsible in some manner for the
26 occurrences alleged herein; and/or (d) was used to shield Debtor's assets from collection, levy or
27 execution, and to otherwise, hinder, delay and defraud the Debtor and its creditors.

28 ///

1 **i. Affiliate Agreement**

2 50. On information and belief, Debtor entered into an affiliate agreement with Defendant
3 ("Affiliate Agreement"). However, Trustee is not in possession of the applicable affiliate agreement
4 at this time.

5 51. On information and belief, and based on similar agreements, the Affiliate Agreement
6 states that Defendant "owns and operates a system of generating leads consisting of consumers
7 interested in the legal services offered by LPG."

8 52. Based upon the Trustee's review of the business operations of the marketing affiliates
9 and the Debtor's banking records, including transactions between Make it Ring and Debtor, upon
10 information and belief, Make it Ring acted as a marketing affiliate for the Debtor and such
11 arrangement was dictated by an oral or written affiliate agreement with Make it Ring (whether
12 memorialized by written or oral agreement, the "Affiliate Agreement(s)").

13 53. Pursuant to the Debtor's similar affiliate agreements, the marketing affiliate would
14 be required to generate leads consisting of consumers interested in the legal services offered by LPG
15 and referred those consumers to Debtor.

16 54. In exchange for the referrals, Debtor paid its marketing affiliates, including the
17 Defendant.

18 55. These types of affiliate agreements violate Sections 6151 and 6155 of the California
19 Business and Professional Code, which prohibit referrals of potential clients to attorneys unless
20 registered with the State Bar of California. Cal. Bus. & Prof. Code § 6155. "Referral activity"
21 includes "any entity 'which, in person, electronically, or otherwise, refers the consumer to an
22 attorney or law firm not identified' in the advertising." *Jackson v. LegalMatch.com*, 42 Cal. App.
23 5th 760, 775 (2019). A referral includes receiving information from potential clients and sending
24 that information to lawyers, even when the advertiser does not advertise the name of the attorneys
25 and the clients do not clear the name of the potential attorney after the referral occurred. *Id.*

26 56. Further, if any effect of an agreement is to accomplish an unlawful purpose, the
27 agreement may be declared illegal regardless of the intention of the parties. *Stockton Morris Plan
Co. v. Cal. Tractor & Equip. Corp.*, 112 Cal. App. 2d 684, 690 (1952) (citing *Fewel & Dawes, Inc.*

1 *v. Pratt*, 17 Cal. 2d 85, 91 (1941)). This remains true regardless of whether the contract has been
2 performed. *Stevens v. Boyes Hot Springs Co.*, 113 Cal. App. 479, 483 (1931) (A contract by a
3 corporation to purchase its own stock has the effect of illegally withdrawing and paying to a
4 stockholder a part of the capital stock of the corporation and is illegal and void, regardless of the
5 fact that the contract is fully performed by the sellers and partially performed by the corporation.);
6 *Mansfield v. Hyde*, 112 Cal. App. 2d 133, 139 (1952), overruled, *Fomco, Inc. v. Joe Maggio, Inc.*,
7 8 Cal. Rptr. 459 (1960) (Where object of statute requiring licenses is to prevent improper persons
8 from engaging in particular activity, or is for purpose of regulating occupation or business for
9 protection of public, imposition of penalty amounts to prohibition against engaging in occupation
10 or business without license, and contract made by unlicensed person in violation of statute is
11 invalid.); *Firpo v. Murphy*, 72 Cal. App. 249, 252 (1925) (A contract to pay commissions to a real
12 estate broker is illegal and he is not entitled to recover thereon where he fails to secure the license
13 required by law to carry on his business.).

14 57. Because the Affiliate Agreement and associated referral activity by Defendants
15 violate federal and state law since the named defendants have not registered with the State Bar of
16 California as required by CAL. BUS. & PROF. CODE § 6155, they are void, unenforceable, and subject
17 to avoidance as fraudulent. Any alleged consideration provided under the Affiliate Agreements
18 and/or the ARPA Agreements (defined hereafter below) was unlawful.

19 58. Unlawful consideration is that which is: “(1) contrary to an express provision of law;
20 (2) contrary to the policy of express law, though not expressly prohibited; or (3) otherwise contrary
21 to good morals.” Cal. Civ. Code § 1667. “If any part of a single consideration for one or more
22 objects, or of several considerations for a single object, is unlawful, the entire contract is void.” Cal.
23 Civ. Code § 1608.

24 **ii. Accounts Receivable Purchase Agreements**

25 59. On information and belief, Defendant entered into one or more Accounts
26 Receivable Purchase Agreement with Debtor (collectively referred to as the “ARPA Agreements”).

27 60. On information and belief, pursuant to the ARPA Agreements, the Defendant
28 purported to sell Debtor streams of monthly payments from consumers that were supposed to be

1 held in trust until earned.

2 61. By entering into the ARPA Agreements, Debtor and Defendant violated federal and
3 state laws by selling unearned legal fees or funds there were supposed to be held in trust or used for
4 the benefit of consumers.

5 62. The effect of the ARPA Agreements and/or related transactions was to accomplish
6 an unlawful purpose. Thus, the agreements may be declared illegal regardless of the intention of
7 the parties. *Stockton Morris Plan Co. v. Cal. Tractor & Equip. Corp.*, 112 Cal. App. 2d 684, 690
8 (1952) (citing *Fewel & Dawes, Inc. v. Pratt*, 17 Cal. 2d 85, 91 (1941)). This remains true regardless
9 of whether the contract has been performed. *Stevens v. Boyes Hot Springs Co.*, 113 Cal. App. 479,
10 483 (1931) (A contract by a corporation to purchase its own stock has the effect of illegally
11 withdrawing and paying to a stockholder a part of the capital stock of the corporation and is illegal
12 and void, regardless of the fact that the contract is fully performed by the sellers and partially
13 performed by the corporation.); *Mansfield v. Hyde*, 112 Cal. App. 2d 133, 139 (1952),
14 overruled, *Fomco, Inc. v. Joe Maggio, Inc.*, 8 Cal. Rptr. 459 (1960) (Where object of statute
15 requiring licenses is to prevent improper persons from engaging in particular activity, or is for
16 purpose of regulating occupation or business for protection of public, imposition of penalty amounts
17 to prohibition against engaging in occupation or business without license, and contract made by
18 unlicensed person in violation of statute is invalid.); *Firpo v. Murphy*, 72 Cal. App. 249, 252 (1925)
19 (A contract to pay commissions to a real estate broker is illegal and he is not entitled to recover
20 thereon where he fails to secure the license required by law to carry on his business.).

21 63. Because the ARPA Agreements violate federal and state laws, they are void,
22 unenforceable, and subject to avoidance as fraudulent. Any alleged consideration provided to Debtor
23 under the ARPA Agreements was unlawful.

24 64. Unlawful consideration is that which is: "(1) contrary to an express provision of law;
25 (2) contrary to the policy of express law, though not expressly prohibited; or (3) otherwise contrary
26 to good morals." Cal. Civ. Code § 1667. "If any part of a single consideration for one or more
27 objects, or of several considerations for a single object, is unlawful, the entire contract is void." Cal.
28 Civ. Code § 1608.

1 **iii. Demand Letters**

2 65. On or about October 9, 2024 and November 27, 2024, Trustee sent demand letters
3 to Defendant (the “Demand Letters”). True and accurate copies of the Demand Letters are attached
4 hereto as **Exhibit 2** and incorporated herein by reference.

5 66. The Demand Letters discussed certain transfers from Debtor that were made to
6 Defendant within the 4-year period prior to the Petition Date, including 14 fraudulent conveyances
7 totaling \$226,750.00, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. §§
8 544 and 548 and Cal. Civ. Code. §§ 3439.04 and 3439.05.

9 67. Based on the information available to Trustee and considering the nature of the
10 relationship between Debtor and Defendant, no potential defenses were identified that could reduce
11 Defendant’s liability for the fraudulent conveyances. Consequently, Defendant was requested to
12 provide any facts and valid defenses that could substantiate its position and potentially mitigate or
13 prevent some or all of the transfers made by Debtor.

14 68. Defendant never responded to the Demand Letters.

15 69. Trustee has yet to receive any response or payment from Defendant pursuant to the
16 Demand Letters.

17 **E. Payments to Defendant**

18 70. During the applicable reach-back period, Debtor paid Defendant the sum of at least
19 \$226,750.00 between November 12, 2021 and March 15, 2022, subject to proof at trial
20 (“Transfers”). A true and accurate list of the known payments made by Debtor to Defendant is
21 attached hereto as **Exhibit 3**, and incorporated herein by reference.

22 71. The Transfers are based on updated figures as of January 2025.

23 **F. LPG’s Ponzi Scheme**

24 72. The Ponzi Scheme Presumption exists in bankruptcy proceedings.

25 73. The Ponzi Scheme Presumption can be utilized to establish a debtor’s “intent to
26 defraud future undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme.
27 Indeed, no other reasonable inference is possible. A Ponzi scheme cannot work forever. The
28 investor pool is a limited resource and will eventually run dry. The perpetrator must know that the

1 scheme will eventually collapse as a result of the inability to attract new investors. The perpetrator
2 nevertheless makes payments to present investors, which, by definition, are meant to attract new
3 investors. He must know all along, from the very nature of his activities, that investors at the end
4 of the line will lose their money. Knowledge to a substantial certainty constitutes intent in the eyes
5 of the law.” *cf. Restatement (Second) of Torts* § 8A (1963 & 1964), and a debtor’s knowledge that
6 future investors will not be paid is sufficient to establish his actual intent to defraud them. *Kirkland*
7 *v. Rund (In re EPD Inv. Co., LLC)*, 114 F.4th 1148, 1153 (9th Cir. 2024) (by definition Ponzi scheme
8 is destined to fail and the swindler and their entities often end in bankruptcy or equitable
9 receivership); *cf. Coleman Am. Moving Servs., Inc. v. First Nat’l Bank & Trust Co. (In re American*
10 *Properties, Inc.)* 14 B.R. 637,643 (Bankr. D. Kan. 1981) 14 B.R. 637, 643 (intentionally carrying
11 out a transaction with full knowledge that its effect will be detrimental to creditors is sufficient for
12 actual intent to hinder, delay or defraud within the meaning of § 548(a)(1)).” *Merrill v. Abbott (In*
13 *re Independent Clearing House Co.)* (D. Utah 1987) 77 B.R. 843, 860. A trustee in bankruptcy is
14 not required to show that an operator of a Ponzi scheme was subjectively aware his Ponzi scheme
15 was destined to fail. *In re EPD Inv. Co., LLC*, 114 F.4th at 1153 (“[a] trustee’s action to recover
16 assets fraudulently conveyed in the course of a Ponzi scheme does not require that the trustee also
17 prove the Ponzi-scheme operator was subjectively aware his Ponzi scheme was destined to fail.”).

18 74. “But if all the debtor receives in return for a transfer is the use of the defendant’s
19 money to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share. In
20 fact, by helping the debtor perpetuate his scheme, the transfers exacerbate the harm to creditors by
21 increasing the amount of claims while diminishing the debtor’s estate. In such a situation, the use
22 of the defendant’s money cannot objectively be called ‘reasonably equivalent value.’” *In re*
23 *Independent Clearing House Co.*, 77 B.R. at 859. Therefore, “[t]he trustee can avoid the transfers
24 if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme are preferential and
25 fraudulent. Therefore, they constitute “property of the estate,” and the trustee can recover them. *Id.*
26 at 853 n.17 (citations omitted).

27 75. Debtor was operating a Ponzi scheme that utilized affiliates and several other
28 entities as investors to continue its unlawful business practices by using funds provided by current

1 investors to attract new investors hoping for very high returns. Therefore, the Debtor was running a
2 Ponzi scheme and the Ponzi Scheme Presumption can be utilized to infer that the Debtor had the
3 intent to defraud investors within the meaning of 11 U.S.C. section 548(a)(1). This is evidenced by
4 the Court in this Bankruptcy Case declaring that Debtor was operating a Ponzi scheme when it stated
5 the following:

6 It is important to note that this Court has never received any
7 significant and trustworthy evidence that Debtor accomplished
8 meaningful results for its clients, but only anecdotal examples of
9 viable success for its clients. By reviewing the Estate's claims
10 register, there is evidence of consumer claims for the fraud and
11 demanded but undelivered refunds of approximately \$500 million.
12 There is ample evidence that the pre-petition Debtor never placed
13 the collected funds into an attorney-client trust account, and that
14 Debtor or its principals simply looted the payments received through
15 the client automatic withdrawals, stiffing both the clients and
16 outside attorneys who may have been working on client cases with
17 the hopes of being paid. There is also evidence before the Court that
18 Debtor was running a Ponzi scheme and paying some outside (or
19 "network") attorneys with funds obtained from new clients. In this
20 case, it appears that some of the "lenders" may have been serving as
21 "investors," hoping for very high returns before "the music
22 stopped." The Ninth Circuit has recently explained, "[b]y
23 definition, a Ponzi scheme is destined to fail because the pool of
24 available investors is not limitless. When the Ponzi scheme
25 operator's pool of investors inevitably runs dry, the scheme
26 collapses and the swindler and their entities often end up in
27 bankruptcy or equitable receivership. *See generally* David R.
Hague, Expanding the Ponzi Scheme Presumption, 64 DePaul L.
Rev. 867 (2015). In bankruptcy, the court-appointed trustee is
tasked with taking immediate control of the entity, ceasing ongoing
fraudulent activity, locating and collecting assets for the bankruptcy
or receivership estate, and achieving a final, equitable distribution
of the remaining assets. *See* 11 U.S.C. § 704; *Kirkland v. Rund (In
re EPD Inv. Co., LLC)*, 2024 U.S. App. LEXIS 21363, at *15 (9th
Cir. Aug. 23, 2024). Finally, there is evidence that Debtor was
encumbering (or as some creditors assert, "double or triple selling")
their accounts or receivables to multiple lenders. With respect to
Greyson's requested Administrative Claim [Dk. 676], and as more
fully described in the concurrently entered order denying the claim,
there has been no evidence presented that any work allegedly
performed by Greyson assisted any clients or added any value to the
Estate.

28 *See, Case 8:23-bk-10571-SC, Doc 1545 n. 5.*

1 76. Moreover, since the Transfers were made with the intent to further the Ponzi
2 scheme, the Debtor did not receive an objectively reasonable equivalent value for the Transfers, and
3 the Trustee can avoid the Transfers because they were fraudulent.

4 **G. LPG's Prepetition Creditors**

5 77. Debtor was insolvent when each Transfer was made. This insolvency is evidenced in
6 part by the fact that 14 separate UCC-1 statements were of record securing debts of the Debtor as
7 of September 1, 2022. These statements remained unreleased as of the Petition Date. These
8 statements either reflected secured liens against the Debtor's assets then owned or thereafter
9 acquired, or provided evidence of the assignment or sale of substantial portions of the Debtor's
10 future income. Debtor's insolvency is an adjudicated fact based on the Court's finding of insolvency
11 entered in other adversary proceedings pending before the Court. *See, e.g.*, Case No. 8:23-bk-
12 10571-SC; Adv. No. 8:24-ap-01002-SC [Adv. Docket No. 28] (finding that "Debtor was insolvent
13 or rendered insolvent at the time of the transfers made to Defendant").

14 78. Plaintiff directs Defendant to the Order Denying Greyson's Motion to Vacate the
15 Preliminary Injunction entered as Bankr. Docket No. 1545 ("Order") where the Court found "it is
16 clear to this Court that Debtor, since its pre-petition inception (and through the time of the
17 appointment of the Chapter 11 Trustee) was, in the Court's opinion operating a criminal enterprise"
18 and that "[t]here is also evidence before the Court that the Debtor was running a Ponzi scheme and
19 paying some outside (or 'network') attorneys with funds obtained from new clients." Order p. 3, l.
20 11-13; p. 4, l. 14-15. Insolvency is presumed as a matter of law if the debtor operated a Ponzi
21 scheme. *See, e.g.*, *Glob. Money Mgmt., L.P. v. McDonnold*, No. 06CV34, 2008 U.S. Dist. LEXIS
22 128733, at *15 (S.D. Cal. Feb. 27, 2008) (concluding that "if a Ponzi scheme is proven, then the
23 debtor is proven insolvent from the time of its inception").

24 79. When the Transfers were made, these prior UCC-1 statements secured the repayment
25 of the following claimed amounts that are currently known to Trustee and are allegedly owed by the
26 Debtor: (i) \$2,374,004.82 owed to Fundura Capital Group as evidenced by Proof of Claim No. 335
27 purportedly secured by a UCC statement filed on or about May 19, 2021; (ii) approximately \$15
28 million dollars owed to MNS Funding, LLC as evidenced by Proof of Claim No. 1060 purportedly

1 secured by a UCC statement filed on or about May 28, 2021; (iii) approximately \$5,000,000 owed
2 to Azzure Capital, LLC as evidenced by Proof of Claim No. 127 secured by a UCC statement filed
3 on or about May 28, 2021; and (iv) approximately \$1.5 million dollars owed to Diverse Capital,
4 LLC purportedly secured by UCC statements filed on or about September 15, 2021, and December
5 1, 2021.^[1]

6 80. As alleged above, LPG was borrowing against its assets and future income, often on
7 unfavorable terms, not only to finance operations at LPG, but also to pay the fees owed to the
8 marketing affiliates for providing consumer clients and to pay other loans to creditors that were in
9 default or about to be in default as part of Diab's scheme to keep LPG creditors at bay for as long
10 as possible until he could transfer LPG's assets, client files, Client Funds, and ACH Receivables to
11 other entities under his control. Pursuant to the agreements with the marketing companies,
12 significant percentages of future payments were already promised to be paid to the marketing
13 affiliates from whatever future income the Debtor would receive. And, of course, the payments
14 LPG received in the form of ACH Receivables were also trust funds paid to LPG by its law firm
15 clients, subject to return of funds in the event of a request for refund or termination of the
16 representation before LPG had earned the funds. In this regard, except to the extent earned, the
17 ACH Receivables also represented a liability of the Debtor.

18 81. In addition, on Debtor's Schedule E/F [Bankr. Docket No. 33], Debtor scheduled 11
19 unsecured creditors with priority unsecured claims totaling \$374,060.04. These priority unsecured
20 creditors include Indiana Dept. of Revenue, Dept. of Labor and Industries, Arizona Dept. of
21 Economic Security, Arkansas Dept. of Finance & Admin., California Franchise Tax Board, Georgia
22 Dept. of Labor, Internal Revenue Service, Mississippi Dept. of Revenue, Nevada Dept. of Taxation,
23 Utah State Tax Commission, and Wisconsin Dept. of Revenue (collectively, "Priority Unsecured
24 Creditors").

25 82. Another group of creditors that Debtor listed on its Schedule E/F [Bankr. Docket No.
26 33] are nonpriority unsecured creditors. Those 58 creditors have scheduled claims totaling
27

28 ^[1] Trustee reserves all rights, claims, and defenses with respect to these and any other purported
secured or unsecured claims.

1 \$141,439,158.05 and include Ajilon; Anthem Blue Cross; Azevedo Solutions Groups, Inc.; Carolina
2 Technologies & Consulting Invoice; Collaboration Advisors; Credit Reporting Service Inc.; CT
3 Corporation – Inv.; Debt Pay Pro; Document Fulfillment Services; EnergyCare, LLC; Exela
4 Enterprise Solutions; First Legal Network, LLC; GHA Technologies Inc.; Harrington Electric, Inc.;
5 Imagine Reporting; Juize, Inc.; Krisp Technologies, Inc.; Liberty Mutual; Marc Lemauvie –
6 Allegra; MarkSYS Holdings, LLC; Netsuite-Oracle; Pitney Bowes; Rapid Credit, Inc.; SBS Leasing
7 A Program of De Lage Landen; Security Solutions; Sharp Business Systems; Streamline
8 Performance, Inc.; Thomson Reuters; Twilio, Inc.; Nationwide Appearance Attorneys; Executive
9 Center, LLC; Outsource Accelerator, Ltd.; TaskUs Holdings, Inc.; Marich Bein, LLC; Validation
10 Partners; MC DVI Fund 1, LLC; MC DVI Fund 2, LLC; Debt Validation Fund II, LLC; Tustin
11 Executive Center; LexisNexus; JP Morgan Chase; Business Centers of America; Michael Schwartz;
12 Anibal Colon Jr.; Kathleen Lacey; David Ulery; Kimberly Birdsong; Kevin Carpenter; Karen Suell;
13 Gloria Eaton; Carolyn Beech; Debra Price; Kenneth Topp; Darcey Williamson, Trustee; James
14 Hammett; Johnny Rizo; Beverly Graham; Kathleen Scarlett; and Geneve and Myranda Sheffield
15 (collectively, “Nonpriority Unsecured Creditors” and, together with the Secured Creditors and
16 Priority Unsecured Creditors, “Prepetition Creditors”).

17 83. As of the date this complaint was drafted, approximately 5,771 claims have been
18 filed with the bankruptcy Court. While Trustee has not reviewed all claims as of the date of this
19 complaint, and reserves all rights to object to those claims, the total amount exceeds approximately
20 \$717,507,462.29.

FIRST CLAIM FOR RELIEF

Count I - Avoidance, Recovery, and Preservation of Actual Fraudulent Transfers Against Defendants

[11 U.S.C. §§ 548(a)(1)(A), 550, and 551]

25 84. Plaintiff realleges and incorporates here by reference each and every allegation
26 contained in paragraphs 1 through 83 as though set forth in full.

27 85. All or a portion of the Transfers occurred within the two years prior to the Petition
28 Date and thus, the agreements between the Debtor and the Defendant did as well, whether or not

1 memorialized in the Affiliate Agreements, ARPA Agreements, or other agreements.

2 86. On or after the date that any such agreements were entered or executed and the
3 Transfers were made, entities to which Debtor was or became indebted include the Prepetition
4 Creditors.

5 87. The Transfers happened while Debtor was insolvent or rendered Debtor insolvent.

6 88. Despite Debtor's obligation to the Prepetition Creditors, Debtor continued to pay
7 Make it Ring sums received from consumers under such Affiliate Agreements, which constitutes an
8 illegal capping agreement between Defendant and Debtor. Any obligation of the Debtor arising from
9 such agreement is also avoidable as fraudulent.

10 89. Despite Debtor's obligation to the Prepetition Creditors, Make it Ring continued to
11 sell or transfer portions of the accounts receivables generated under the ARPA Agreements to
12 Debtor, which is illegal under federal and state laws.

13 90. The Transfers were made with actual intent to hinder, delay, or defraud creditors of
14 Debtor.

15 91. The Debtor was operating a Ponzi scheme and the Ponzi Scheme Presumption can
16 be utilized to infer the Debtor's actual intent to defraud within the meaning of 11 U.S.C. section
17 548(a)(1).

18 92. The Debtor's conduct was done with oppression, fraud, and malice, as defined in
19 Civil Code section 3294, entitling the Trustee to, in addition to the actual damages, exemplary or
20 punitive damages for making an example of the Debtor and to punish the Debtor.

21 93. The Affiliate Agreement, ARPA Agreements, and the Transfers of Debtor's funds
22 are avoidable as fraudulent pursuant to 11 U.S.C. §§ 548(a)(1)(A), 550, and 551, and the common
23 law tort of intentional fraudulent transfers by one or more creditors who held and hold unsecured
24 claims against Debtor that were and are allowable against the Estate under 11 U.S.C. § 502 or that
25 were not and are not allowable only under 11 U.S.C. § 502(e), including, without limitation, the
26 Prepetition Creditors.

27 94. The Affiliate Agreements, ARPA Agreements, and Transfers should be avoided as
28 fraudulent under 11 U.S.C. § 548(a)(1)(A) and under the common law tort of intentional fraudulent

1 transfers, and such transferred property, or the value thereof, should be recovered and preserved for
2 the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551.

3 **SECOND CLAIM FOR RELIEF**

4 **Count II - Avoidance, Recovery, and Preservation of**
5 **Constructive Fraudulent Transfers Against Defendants**

6 **[11 U.S.C. §§ 548(a)(1)(B), 550, and 551]**

7 95. Plaintiff realleges and incorporates here by reference each and every allegation
8 contained in paragraphs 1 through 94 as though set forth in full.

9 96. The Affiliate Agreements, ARPA Agreements, and all or a portion of the Transfers
10 occurred within the two years prior to the Petition Date.

11 97. On or after the date that such agreements were executed and such Transfers were
12 made, entities to which Debtor was or became indebted include the Prepetition Creditors.

13 98. The Transfers happened while Debtor:

- 14 a. was insolvent or became insolvent as a result;
15 b. was engaged or was about to engage in a transaction for which any property
16 remaining with Debtor was of unreasonably small capital; or
17 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
18 as such debts matured.

19 99. Because the referrals from Defendant to Debtor are illegal under federal and state
20 law, they are void and subject to avoidance as fraudulent. Any purported consideration constitutes
21 unlawful consideration, which cannot constitute reasonably equivalent value. Thus, at the time the
22 agreements were executed and the Transfers made, Debtor received less than reasonably equivalent
23 value.

24 100. Furthermore, the Debtor did not receive the reasonably equivalent value of the
25 Transfers to Make it Ring because by using Make it Ring's money to run a Ponzi scheme there is
26 nothing in Estate for the creditors to share. Rather, the Transfers exacerbated the harm to creditors
27 by increasing the amount of claims while diminishing the Debtor's Estate. In this situation, the use
28 of Make it Ring's money to further the Debtor's Ponzi scheme cannot be consideration for the

Transfers and cannot objectively be called reasonably equivalent value.

2 101. Therefore, the Defendant was acting as an investor in the Debtor's Ponzi scheme.
3 Any transfers made to the Defendant can be avoided by the Plaintiff since the Transfers are
4 preferential and fraudulent such that they constitute property of the Estate in which the Plaintiff can
5 recover.

6 102. The Affiliate Agreements, ARPA Agreements, and the Transfers should be avoided
7 as fraudulent under 11 U.S.C. § 548(a)(1)(B), and such transferred property, or the value thereof,
8 should be recovered and preserved for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and
9 551.

THIRD CLAIM FOR RELIEF

Count III - Avoidance, Recovery, and Preservation of Actual Fraudulent Transfers Against Defendants

¹³ [11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.04(a), 3439.04(b), and 3439.07]

14 103. Plaintiff realleges and incorporates here by reference each and every allegation
15 contained in paragraphs 1 through 102 as though set forth in full.

16 104. The Affiliate Agreements, ARPA Agreements, and all or a portion of the Transfers
17 occurred within the four years prior to the Petition Date.

18 105. On or after the date that such agreements were entered and such Transfers were made,
19 entities to which Debtor was or became indebted include the Prepetition Creditors.

20 106. Despite Debtor's obligation to the Prepetition Creditors, Debtor continued to pay
21 Make it Ring sums received from consumers under the Affiliate Agreements, which constitutes an
22 illegal capping agreement between Defendant and Debtor.

23 107. The Transfers happened while Debtor was insolvent or Debtor became insolvent
24 shortly after the Transfers were made as is evidenced by the filing of the voluntary petition.

25 108. The value of the consideration received by Debtor for such Transfers was not
26 reasonably equivalent to the value of the Transfers because the Transfers were used to further assist
27 Debtor in its Ponzi scheme.

28 109. Because the referrals from Defendant to Debtor are illegal under federal and state

1 law, they are void and subject to avoidance as fraudulent. Any purported consideration constitutes
2 unlawful consideration, which cannot constitute reasonably equivalent value. Thus, at the time the
3 agreements were executed and the Transfers made, Debtor received less than reasonably equivalent
4 value.

5 110. The Transfers were made with actual intent to hinder, delay, or defraud creditors of
6 Debtor.

7 111. The Debtor was operating a Ponzi scheme and the Ponzi Scheme Presumption can
8 be utilized to infer the Debtor's actual intent to defraud within the meaning of 11 U.S.C. section
9 548(a)(1).

10 112. The Debtor's conduct was done with oppression, fraud, and malice, as defined in
11 Civil Code section 3294, entitling the Trustee to, in addition to the actual damages, exemplary or
12 punitive damages for making an example of the Debtor and to punish the Debtor.

13 113. The Affiliate Agreements, the ARPA Agreements, and the Transfers of Debtor's
14 funds are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and Cal. Civ. Code §§ 3439.04(a),
15 3439.04(b), and 3439.07, and the common law tort of intentional fraudulent transfers by one or more
16 creditors who held and hold unsecured claims against Debtor that were and are allowable against
17 the Estate under 11 U.S.C. § 502 or that were not and are not allowable only under 11 U.S.C. §
18 502(e), including, without limitation, the Prepetition Creditors.

19 114. Accordingly, the Affiliate Agreements, the ARPA Agreements, and the Transfers
20 should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and Cal. Civ. Code §§ 3439.04(a),
21 3439.04(b), and 3439.07, and under the common law tort of intentional fraudulent transfers, and
22 such transferred property, or the value thereof, should be recovered and preserved for the benefit of
23 the Estate pursuant to 11 U.S.C. §§ 550 and 551 and Cal. Civ. Code § 3439.07.

24 **FOURTH CLAIM FOR RELIEF**

25 **Count IV - Avoidance, Recovery, and Preservation of
26 Constructive Fraudulent Transfers Against Defendants**

27 **[11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.05, and 3439.07]**

28 115. Plaintiff realleges and incorporates here by reference each and every allegation

1 contained in paragraphs 1 through 114 as though set forth in full.

2 116. The Affiliate Agreements, the ARPA Agreements, and all or a portion of the
3 Transfers occurred within the four years prior to the Petition Date.

4 117. The Transfers happened while Debtor:

- 5 a. was insolvent or became insolvent as a result;
- 6 b. was engaged or was about to engage in a transaction for which any property
7 remaining with Debtor was of unreasonably small capital; or
- 8 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
9 as such debts matured.

10 118. Because the referrals from Make it Ring to Debtor are illegal under federal and
11 state law, the agreements are void and subject to avoidance as fraudulent. Any purported
12 consideration constitutes unlawful consideration, which cannot constitute reasonably equivalent
13 value. Thus, at the time the agreements were executed and the Transfers made, Debtor received less
14 than reasonably equivalent value.

15 119. Furthermore, the Debtor did not receive the reasonably equivalent value of the
16 Transfers to the Make it Ring because by using Make it Ring's money to run a Ponzi scheme there
17 is nothing in Estate for the creditors to share. Rather, the Transfers exacerbated the harm to creditors
18 by increasing the amount of claims while diminishing the Debtor's Estate. In this situation, the use
19 of Make it Ring's money to further the Debtor's Ponzi scheme cannot be consideration for the
20 Transfers and cannot objectively be called reasonably equivalent value.

21 120. The Defendant was therefore acting as an investor in the Debtor's Ponzi scheme and
22 any Transfers made to the Defendant can be avoided by the Plaintiff since the Transfers to the
23 Defendant are preferential and fraudulent such that they constitute property of the Estate in which
24 the Plaintiff can recover.

25 121. The Affiliate Agreements, the ARPA Agreements, and the Transfers of Debtor's
26 funds are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and Cal. Civ. Code §§ 3439.05 and
27 3439.07 by one or more creditors who held and hold unsecured claims against Debtor that were and
28 are allowable against the Estate under 11 U.S.C. § 502 or that were not and are not allowable only

under 11 U.S.C. § 502(e), including, without limitation, the Prepetition Creditors.

2 122. Accordingly, the Affiliate Agreement, the ARPA Agreements, and the Transfers
3 should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and Cal. Civ. Code §§ 3439.05 and
4 3439.07, and such transferred property, or the value thereof, should be recovered and preserved for
5 the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551 and Cal. Civ. Code § 3439.07.

FIFTH CLAIM FOR RELIEF

Count V - Turnover of Estate Property Against Defendants

[11 U.S.C. § 542]

9 123. Plaintiff realleges and incorporates herein by reference each and every allegation
10 contained in paragraphs 1 through 122 as though set forth in full.

11 124. Defendants have possession or control over property of the Estate in the form of the
12 Transfers made pursuant to illegal and unenforceable agreements.

13 ||| 125. The Transfers are not of inconsequential value to the Estate.

14 126. The funds that are the subject of the Transfers are paramount to Debtor's ability to
15 pay creditors.

16 127. Accordingly, Trustee is entitled to a judgment for turnover of the Transfer pursuant
17 to 11 U.S.C. § 542.

SIXTH CLAIM FOR RELIEF

Count VI - Disallowance of Claims Against Defendant

[11 U.S.C. § 502(d)]

128. Plaintiff realleges and incorporates herein by reference each and every allegation
contained in paragraphs 1 through 127 as though set forth in full.

23 ||| 129. Defendant has not filed any Proof of Claim in this matter.

24 130. Based on Defendant's conduct as set forth in paragraphs 1 through 127, any claims
25 having been filed or to be filed by Defendant in the Bankruptcy case should be disallowed pursuant
26 to 11 U.S.C. § 502(d).

27 | //

28 | //

1 **RESERVATION OF RIGHTS**

2 Plaintiff reserves the right to bring all other claims or causes of action that Plaintiff may have
3 against Defendant, on any and all grounds, as allowed under the law or in equity, including but not
4 limited to, those claims not known by the Trustee at this time but that he may discover during the
5 pendency of this adversary proceeding.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff prays for a judgment as follows:

8 **On The First, Second, Third, and Fourth Claims for Relief:**

9 A. Avoiding, recovering, and preserving the Transfers against Defendants;

10 **On the First and Third Claims for Relief:**

11 B. Awarding punitive and exemplary damages according to proof;

12 **On the Fifth Claim for Relief:**

13 C. Ordering Defendants to immediately turn over the Transfers;

14 **On the Sixth Claim for Relief:**

15 D. Disallowing Defendants' claims;

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1 **On All Claims for Relief:**

- 2 E. Awarding costs of suit;
- 3 F. Awarding attorneys' fees;
- 4 G. Awarding pre-judgment interest at the maximum legal rate running from the date of
the Complaint to the date of judgment herein;
- 5
- 6 H. Awarding post-judgment interest at the maximum legal rate running from the date
of judgment herein until the date the judgment is paid in full, plus costs;
- 7
- 8 I. Requiring Defendants to pay forthwith any judgment awarded herein; and
- 9 J. Granting Plaintiff such other and further relief as the Court deems just and proper.

10

11 Dated: March 14, 2025

Respectfully submitted,

DINSMORE & SHOHL LLP

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14

By: /s/ Matthew J. Stockl

Christopher Celentino

Yosina M. Lissebeck

Matthew J. Stockl

16

17

*Special Counsel to Richard A. Marshack,
Trustee of the LPG Liquidation Trust*

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EXHIBIT 1

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FILED & ENTERED

JUN 03 2024

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY mccall DEPUTY CLERK

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16 Special Counsel to Richard A. Marshack

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

16 In Re Case No: 23-bk-10571-SC

17 Chapter 11

18 The Litigation Practice Group P.C.,
19 Debtor(s),

**ORDER GRANTING MOTION FOR
ENTRY OF PROTECTIVE ORDER AND
THE PROTECTIVE ORDER**

21 Date: May 23, 2024
22 Time: 1:30 p.m.
23 Judge: Hon. Scott C. Clarkson
24 Place: Courtroom 5C (via Zoom)¹
25 411 West Fourth Street
26 Santa Ana, CA 92701

27
28 ¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's
publicly posted hearing calendar, which may be viewed online at:
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

The Court has read and considered the Notice of Motion and Motion for Entry of Protective Order (the “Motion”) filed by Richard A. Marshack, in his capacity as the Chapter 11 Trustee (the “Trustee”) of the Bankruptcy Estate (“Estate”) of The Litigation Practice Group P.C., on May 2, 2024, pursuant to Federal Rule of Bankruptcy Procedure 7026 and Federal Rule of Civil Procedure 26(c)(1), as Dk. No. 1164 (“Motion”), and has found good cause to grant the Motion.

IT IS HEREBY ORDERED that:

1. The Motion is granted;
 2. The below Protective Order shall apply to any contested matter arising in the main bankruptcy case and in all adversary proceedings filed by or against Trustee, present and future; and
 3. Govern the discovery conducted therein.

PROTECTIVE ORDER

1. DEFINITIONS

1.1 "Confidential Information" as used in this Protective Order shall mean documents and other information (regardless of how generated, stored or maintained) that a Party or non-party reasonably believes to contain or reflect non-public financial or business information, bank records, financial records, such as social security numbers, non-public financial or personal information of a Party or non-party, account numbers, sensitive digital information and identifiers, information subject to confidentiality agreements or provisions other than this Protective Order, and other non-public research, development, or commercial information that derives value or avoids injury by virtue of not being known to the public.

1.2 This "Action" is defined and hereby means any contested matter arising in the main bankruptcy case and in all adversary proceedings filed by or against Trustee, present and future.

1.3 "Designating Party" means a Party or non-party that designates Confidential Information during the Action.

1.4 "Receiving Party" means a Party that receives Confidential Information during the Action.

1 1.5 “Party” or “Parties” means person or entity subject to this Protective Order.

2 **2. SCOPE OF THIS PROTECTIVE ORDER**

3 2.1 Unless otherwise ordered, this Protective Order shall govern certain documents and
4 other products of discovery obtained in the Action from the Parties there to, and from third parties.
5 As well as certain information copied or derived therefrom, excerpts, summaries or compilations
6 thereof, including, but not limited to, documents voluntarily exchanged as part of early settlement
7 discussions, documents produced pursuant to initial disclosures, requests authorized by the Federal
8 Rules of Civil Procedure made applicable herein by the Federal Rules of Bankruptcy Procedure,
9 answers to interrogatories, deposition transcripts, responses to requests for production, responses to
10 requests for admission, subpoenas, affidavits, declarations, expert reports, and other such material
11 and information as may be produced during the course of the Action and designated as Confidential
12 Information.

13 **3. DESIGNATION OF CONFIDENTIAL INFORMATION**

14 3.1 This Protective Order shall govern the production and handling of any Confidential
15 Information in this Action. Any Party or non-party who produces Confidential Information in this
16 Action may designate it as "Confidential" or "Attorneys' Eyes Only" consistent with the terms of this
17 Protective Order. Whenever possible, the Designating Party must designate only those portions of a
18 document, written discovery responses, deposition, transcript, or other material that contain the
19 Confidential Information and refrain from designating entire documents. Regardless of any
20 designations made hereunder, the Designating Party is not otherwise restricted from use or disclosure
21 of its Confidential Information outside of this Action or for any business purposes. In addition, any
22 Party may move to modify or seek other relief from any of the terms of this Protective Order if it has
23 first tried in writing and in good faith to resolve its needs or disputes with the other Parties or Party
24 as the case may be under the terms of this Protective Order. Further, nothing in this Protective Order
25 shall prevent a Party from redacting documents consistent with the Federal Rules of Civil Procedure
26 and utilizing the documents as needed through-out the Action.

27 3.2 Application to Non-Parties: Before a non-party is given copies of documents or
28 materials designated as Confidential Information or Attorneys' Eyes Only as permitted hereunder, it

1 must first sign an acknowledgment to be bound to these terms that is attached hereto as Exhibit A; if
2 it fails to do so, the Parties to this Action must resolve any such dispute before making disclosure of
3 designated information as permitted hereunder to the non-party. If a non-party wishes to make
4 designations hereunder, it must first sign attached Exhibit A.

5 3.3 Timing and Provisional Protection: Designations of Confidential Information may be
6 made at any time. To avoid potential waiver of protection hereunder, the Designating Party should
7 designate documents or materials containing Confidential Information at the time of production or
8 disclosure, including on the record during the taking of any deposition. Deposition testimony will be
9 deemed provisionally protected for a period of thirty (30) days after the transcript is released to the
10 Parties by the court reporter, although the Parties may agree at any time to different timelines of
11 provisional protection of information as Confidential or Attorneys' Eyes Only as part of one or more
12 specific depositions. To retain any designations beyond the provisional period, a Designating Party
13 must designate specific pages and lines of deposition testimony before the provisional period has
14 expired. Such designations must be made in writing so that all counsel and court reporters may append
15 the designation to all copies of the transcripts.

16 3.4 Manner of Designation: Confidential Information may be designated hereunder in any
17 reasonable manner or method that notifies the Receiving Party of the designation level and identifies
18 with specificity the information to which the designation applies. If made verbally, the Designating
19 Party must promptly confirm the designation in writing. Whenever possible, the Designating Party
20 should stamp, affix, or embed a legend of "CONFIDENTIAL" or "ATTORNEYS' EYES ONLY" on
21 each designated page of the document or electronic image that contains Confidential Information.

22 **4. CHALLENGES TO DESIGNATED INFORMATION**

23 4.1 In the event that a Receiving Party disagrees at any time with any designation(s) made
24 by the Designating Party, the Receiving Party must first try to resolve such challenge in good faith
25 on an informal basis with the Designating Party. The Receiving Party must provide written notice of
26 the challenge and the grounds therefor to the Designating Party, who must respond in writing to the
27 challenge within fifteen (15) days. At all times, the Designating Party carries the burden of
28 establishing the propriety of the designation and protection level. Unless and until the challenge is

1 resolved by the Parties or ruled upon by the Court, the designated information shall remain protected
2 under this Protective Order. The failure of any Receiving Party to challenge a designation does not
3 constitute a concession that the designation is proper or an admission that the designated information
4 is otherwise competent, relevant, or material.

5 **5. LIMITED ACCESS/USE OF PROTECTED INFORMATION**

6 5.1 Restricted Use: Information that is produced or exchanged in the course of the Action
7 and designated under this Protective Order may be used for preparation for trial and preparation for
8 any appeal of any and all matters in the Action, as well as related settlement negotiations, and for no
9 other purpose, without the written consent of the Designating Party. No Confidential Information may
10 be disclosed to any person except in accordance with the terms of this Protective Order, unless the
11 parties are co-counsel or have entered into joint defense agreements. All persons in possession of
12 Confidential Information agree to exercise reasonable care with regard to the custody, use, or storage
13 of such information to ensure that its confidentiality is maintained. This obligation includes, but is
14 not limited to, the Receiving Party providing to the Designating Party prompt notice of the receipt of
15 any subpoena that seeks production or disclosure of any designated information and consulting with
16 the Designating Party before responding to the subpoena. Any use or disclosure of Confidential or
17 Attorneys' Eyes Only information in violation of the terms of this Protective Order may subject the
18 disclosing person or party to sanctions.

19 5.2 Access to "Confidential" Information: The Party(ies) and all persons subject to this
20 Protective Order agree that information designated as "CONFIDENTIAL" may only be accessed or
21 reviewed by the following:

- 22 a) The Court, its personnel, and court reporters;
- 23 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a
24 joint defense agreement in the Action and their employees who assist counsel of record, or co-counsel
25 in the Action and are informed of the duties and obligations imposed hereunder;
- 26 c) The Parties, including their clients, agents and employees who are assisting or have
27 reason to know of the Action;

28 ///

1 d) Experts or consultants employed by the Parties or their counsel, or co-counsel, for
2 purposes of an Action, so long as each such expert or consultant has signed attached Exhibit A; and

3 e) Other witnesses or persons with the Designating Party's consent or by court order.

4 5.3 Access to "Attorneys' Eyes Only" Designations: The Parties and all persons subject to
5 this Protective Order agree that information designated as "ATTORNEYS' EYES ONLY" may only
6 be accessed or reviewed by the following:

7 a) The Court, its personnel, and court reporters;

8 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a
9 joint defense agreement in the Action and their employees who assist counsel of record in the Action
10 and are informed of the duties hereunder;

11 c) In-house counsel for any Party in the Action and Richard A. Marshack, as Chapter 11
12 Trustee of The Litigation Practice Group P.C. who is informed of the duties and obligations imposed
13 hereunder;

14 d) Experts or consultants employed by the Parties or their counsel, or co-counsel for
15 purposes of the Action, and so long as each such expert or consultant has signed attached Exhibit A;
16 and

17 e) Other witnesses or persons to whom the Designating Party agrees in advance of
18 disclosure or by court order.

19 5.4 Non-Waiver Effect of Designations: Neither the taking of, nor the failure to take, any
20 action to enforce the provisions of this Protective Order, nor the failure to object to any designation,
21 will constitute a waiver of any Party(ies)'s claim or defense in the Action or any other action or
22 proceeding, including, but not limited to, a claim or defense that any designated information is or is
23 not Confidential, is or is not entitled to particular protection, or embodies or does not embody
24 information protectable by law.

25 5.5 In-Court Use of Designated Information: If information designated under this
26 Protective Order will or may be offered in evidence at a hearing or trial related to any matter in the
27 Action, then the offering party must give advance notice to the party or non-party that designated
28 prior to offering the information so that any use or disclosure may be addressed in accordance with

1 the Court's case-management or other pre-trial order, or by a motion *in limine*. Nothing in this
2 Protective Order shall be construed as a waiver by a Party of any objections that may be raised as to
3 the admissibility at trial of any evidentiary materials.

4 **6. CLAW-BACK REQUESTS**

5 6.1 Failure to Make Designation: If, at any time, a Party or non-party discovers that it
6 produced or disclosed Confidential Information without designation, it may promptly notify the
7 Receiving Party and identify with particularity the Confidential Information to be designated and the
8 level of designation (the claw-back notification). The Receiving Party may then request substitute
9 production of the newly-designated information. Within thirty (30) days of receiving the claw-back
10 notification, the Receiving Party must: (1) certify to the Designating Party it has appropriately marked
11 or, if substitute production has been requested, destroyed all unmarked copies that it received, made,
12 and/or distributed; and (2) if it was practicably unable to mark or destroy any information because
13 disclosures occurred while the Receiving Party was under no duty of confidentiality under the terms
14 of this Protective Order regarding that information, the Receiving Party must reasonably provide as
15 much information as practicable to aid the Designating Party in protecting the information,
16 consistently with the Receiving Party's attorney-client, work-product, and/or trial-preparation
17 privileges.

18 6.2 Inadvertent Production of Privileged Information: If, at any time, a Party discovers
19 that it produced information that it reasonably believes is subject to protection under the
20 attorney/client, work-product, or trial-preparation privileges, then it must promptly notify each
21 Receiving Party of the claim for protection, the basis for it, amend its privilege log accordingly, and
22 comply with Fed. R. Civ. P. 26(b)(5). Whenever possible, the producing party must produce substitute
23 information that redacts the information subject to the claimed protection. The Receiving Party must
24 thereupon comply with Fed. R. Civ. P. 26(b)(5)(B) as to the information subject to the claimed
25 protection.

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27 ///

28 ///

1 **7. DURATION/CONTINUED RESTRICTIONS**

2 7.1 Handling of Designated Information Upon Conclusion of the Main Bankruptcy Case:
3 Upon conclusion of the Main Bankruptcy Case, by way of dismissal or closing of the case, the
4 Designating Party(ies) is/are responsible for ensuring that any Party or person to whom the
5 Designating Party shared or disclosed designated information in any of the matters under the Action
6 returns or destroys all of its copies, regardless of the medium in which it was stored. No witness or
7 Party may retain designated information that it received from any other Party or non-party under this
8 Protective Order; only counsel of record, or co-counsel, are the authorized agents who may retain one
9 copy for their respective legal files, and who must also describe to the Designating Party the extra
10 steps taken to protect its legal file containing paper and/or electronic copies of the designated
11 information so that it is not accessed, used, or disclosed inconsistently with the obligations under this
12 Protective Order. This provision does not apply to the Court or Court staff. Moreover, this provision
13 does not apply to Trustee, who may retain and use – consistent with this Order – Confidential
14 Information received in any Action during the entirety of the Bankruptcy.

15 7.2 Continued Restrictions Under this Protective Order: The restrictions on disclosure and
16 use of Confidential Information shall survive the conclusion of the Bankruptcy case and any matter
17 in the Action.

18 **8. PRIVILEGED OR PROTECTED INFORMATION**

19 8.1 Nothing in this Protective Order shall require disclosure of information that is
20 protected by the attorney-client privilege, the work-product protection, or any other legally cognizable
21 privilege (a “Privilege or Protection”). If information subject to a claim of Privilege or Protection is
22 inadvertently produced, pursuant to Federal Rule of Evidence 502(d) such production shall not
23 constitute a waiver of, or estoppel as to, any claim of Privilege or Protection for such information or
24 any other information that may be protected from disclosure by a Privilege or Protection in any
25 proceeding.

26 8.2 If a Party receives a document that appears to be subject to a Privilege or Protection,
27 then it shall refrain from examining the document any more than is essential to ascertain if it is
28 privileged or protected and shall promptly notify the producing Party in writing that the receiving

1 Party possesses material that appears to be subject to a Privilege or Protection. The producing Party
2 shall have seven (7) days after receiving such notice to assert a Privilege or Protection over the
3 identified material. If the producing Party does not assert a claim of Privilege or Protection within the
4 seven (7)-day period, the material in question shall be deemed not privileged or protected.

5 8.3 If a producing Party has produced a document subject to a claim of Privilege or
6 Protection, upon written request by the producing Party, the document for which a claim of Privilege
7 or Protection is made shall be sequestered or destroyed to the extent reasonably practicable, and the
8 receiving Party shall not use the document for any purpose other than in connection with analyzing
9 or disputing a claim of Privilege or Protection or in connection with a motion to compel the production
10 of the document.

11 8.4 The receiving Party sequestering or destroying such material may then move the Court
12 for an order compelling production of the material. The applicable producing Party bears the burden
13 of establishing the applicable Privilege or Protection of any clawed-back document or information as
14 and to the same extent that it would have borne such burden had it not produced the document or
15 information. Nothing in this Protective Order shall limit the Court's right or any receiving Party's
16 right to request an in camera review of any information subject to a claim of Privilege or Protection.
17

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20
21
22

23 Date: June 3, 2024
24


25 Scott C. Clarkson
26 United States Bankruptcy Judge
27
28

EXHIBIT "A"

Exhibit 1, page 36

1 Christopher B. Ghio (State Bar No. 259094)
2 Christopher Celentino (State Bar No. 131688)
3 Yosina M. Lissebeck (State Bar No. 201654)

4 **DINSMORE & SHOHL LLP**

5 655 West Broadway, Suite 800
6 San Diego, CA 92101
7 Telephone: 619.400.0500
8 Facsimile: 619.400.0501
9 christopher.ghio@dinsmore.com
10 christopher.celentino@dinsmore.com
11 yosina.lissebeck@dinsmore.com

12 Sarah S. Mattingly (Ky. Bar 94257)
13 DINSMORE & SHOHL, LLP
14 101 S. Fifth Street, Suite 2500
15 Louisville, KY 40202
16 Telephone: 859-425-1096
17 Facsimile: 502-585-2207
18 Sarah.mattingly@dinsmore.com
19 (Admitted pro hac vice)

20 Special Counsel to Richard A. Marshack,
21 Chapter 11 Trustee

22
23
24
25
26
27
UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

28 In Re

The Litigation Practice Group P.C.,
Debtor(s),

Case No. 8:23-BK-10571-SC

Chapter 11

**EXHIBIT A TO STIPULATED
ORDER**

Date: May 23, 2024
Time: 1:30 p.m.
Judge: Hon. Scott C. Clarkson
Place: Courtroom 5C¹ - Via Zoom
411 W. Fourth Street
Santa Ana, CA 92701

28 ¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's
publicly posted hearing calendar, which may be viewed online at: [Exhibit 1, page 37](http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC)
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 This is to certify that:

2 (a) I am being given access to Confidential Information pursuant to the
3 Stipulated Protective Order that was entered into the main bankruptcy case for
4 Litigation Practice Group, but which is binding and controlling as set forth by the
5 Court's Order on any and all contested matters and any and all litigation commenced
6 by Trustee;

7 (b) I have read the Stipulated Protective Order; and

8 (c) I agree to be bound by the terms and conditions thereof, including,
9 without limitation, to the obligations regarding the use, non-disclosure and return of
10 such Confidential Information. I further agree that in addition to being contractually
11 bound by the Stipulated Protective Order, I am subject to the jurisdiction of the above
12 reference Court for any violation thereof.

13

14 Date: _____

15

16 _____
17 Signature

18

19

20 _____
21 Printed Name

22

23

24

25

26

27

28

Exhibit 1, page 38

EXHIBIT 2

Legal Counsel.



DINSMORE & SHOHL LLP
655 West Broadway, Suite 800
San Diego, CA 92101
www.dinsmore.com

Yosina Lissebeck
(619) 400-0473 (direct) · (619) 400-0501 (fax)
Yosina.Lissebeck@Dinsmore.com

VIA U.S. Mail Only

October 9, 2024

Make it Ring Marketing LLC
Selk, Sean C, P.A., Registered Agent
3801 PGA Blvd, Suite 600
Palm Beach Gardens, FL 33410

Make it Ring Marketing LLC
5722 Lake George Place
Lake Worth, FL 33463

Make it Ring Marketing LLC
840 SW 81st Avenue, Suite 204
North Lauderdale, FL 33068

Re: *In re The Litigation Practice Group P.C.*
U.S. Bankruptcy Court, Central District of California
Case No. 8:23-bk-10571-SC

Dear Sir/Madam:

This constitutes a demand to provide any and all documents and information evidencing the basis for, accounting of, and any defenses to my client's claims to avoid and recover, the transfers to Make it Ring Marketing LLC from The Litigation Practice Group P.C. ("Debtor").

This firm represents Richard A. Marshack, Chapter 11 Trustee for the bankruptcy estate of The Litigation Practice Group P.C. and liquidating trustee of the LPG Liquidation Trust (collectively, "Trustee") in the above-referenced bankruptcy case. Pursuant to 11 U.S.C. § 1107 and his appointment as Trustee, the Trustee has the obligation to investigate and pursue claims, including fraudulent transfers, preferential transfers, and unauthorized post-petition transfers. Under the Bankruptcy Code, the Trustee has the power to file lawsuits seeking to avoid, recover, and preserve such transfers for the benefit of the Estate. See 11 U.S.C. §§ 544 *et seq.*

A review of the Debtor's books and records confirms that Make it Ring Marketing LLC received 14 potential fraudulent conveyances totaling \$226,750.00, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. §§ 544 and 548 and Cal. Civ. Code. §§ 3439.04 and 3439.05.

The Trustee has been unable to determine why such transfers were made to Make it Ring Marketing LLC, what was provided to the Debtor in exchange for such transfers, and whether defenses exist to the Trustee's claims to avoid and recover the transfers. Please respond to this letter attaching any evidence you have related to these transfers including contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the

Make it Ring Marketing LLC

October 9, 2024

Page 2

transfers received and any documents evidencing shipment dates as to goods and services provided by Make it Ring Marketing LLC to the Debtor. Documents showing the course of dealing between Make it Ring Marketing LLC and the Debtor, the date of receipt of the Debtor's payment and the amount, deposit date, and any proof of deposit for any or all of the transfers will be helpful in determining the permissibility of the transfers and what, if any, value the Debtor received in return for payments made to Make it Ring Marketing LLC.

You are further notified that the claims against Make it Ring Marketing LLC will be governed by the Federal Rules of Bankruptcy Procedure and the Federal Rules of Civil Procedure, which apply to lawsuits filed in federal bankruptcy courts such as the one in the Central District of California. Pursuant to these rules, every party to a lawsuit has a duty to preserve all evidence which could be relevant to the suit. These obligations also arise when, as here, litigation is reasonably foreseeable. This includes the duty to preserve all electronic evidence, such as emails discussing the incident or related to matters at issue in the suit. This duty to preserve evidence is broad and extends to all documents, regardless of whether the document is stored electronically (such as email) or in hard-copy and regardless of the type of document. For example, reports, spreadsheets, photographs and videotapes are all considered documents that must be preserved. Furthermore, the duty to preserve this documentary evidence extends to all documents in existence as of the time you reasonably anticipated this litigation.

To ensure that all relevant documents are preserved, you should communicate directly with all employees who have possession or control of potentially relevant evidence, including but not limited to personnel who deal with email retention, deletion, and archiving. You should advise each of these employees to preserve any relevant documents in their custody. Furthermore, you should advise all such persons that any regularly scheduled and/or automatic deletion of email or other electronic documents must be discontinued with respect to any relevant data. In addition, any document destruction (such as shredding of documents) must cease with respect to any relevant documents. All relevant documents, both electronic and paper, must be preserved for the duration of this litigation.

The deadline to respond to this request is October 25, 2024. Failure to respond and/or provide the requested documents will likely result in the Trustee filing an adversary complaint to avoid, recover, and preserve the subject transfers for the benefit of the Estate. If you would like to discuss this matter, please feel free to contact me by telephone (619) 400-0500 or e-mail at yosina.lissebeck@dinsmore.com.

Sincerely,



Yosina Lissebeck

YML/way

Legal Counsel.



DINSMORE & SHOHL LLP
North Point Tower, 1001 Lakeside Avenue, Suite 990
Cleveland, OH 44114
www.dinsmore.com

Benjamin D. Carnahan
(216) 413-3841 (direct) · (216) 413-3839 (fax)
Ben.Carnahan@DINSMORE.COM

VIA E-Mail and Certified U.S. Mail

November 27, 2024

Make it Ring Marketing LLC
Sean C. Selk, P.A., Registered Agent
3801 PGA Blvd, Suite 600
Palm Beach Gardens, FL 33410
sselk@selklaw.com

Make it Ring Marketing LLC
5722 Lake George Place
Lake Worth, FL 33463

Make it Ring Marketing LLC
840 SW 81st Avenue, Suite 204
North Lauderdale, FL 33068

Painite Marketing, LLC
James P. Hayes, Registered Agent
400 NW 87th Lane
Coral Springs, FL 33071

United Partnerships, LLC
Frank Brown, Registered Agent
215 New River Drive East 910
Fort Lauderdale, FL 33301

King Consulting Group LLC
5722 Lake George PL
Lake Worth, FL 33463

King Consulting Group LLC
9241 Olmstead Drive
Lake Worth, FL 33467

King Consulting Group LLC
c/o Colton King
2399 NW 7th St.
Boynton Beach, FL 33463

King Consulting Group LLC
c/o Colton King
7950 S Military Trl, Suite 103
Lake Worth, FL 33463

King Consulting Group LLC
Sean C. Selk, Registered Agent
301 Clematis Street, Suite 3000
West Palm Beach, FL 33401
sselk@selklaw.com

Re: *In re The Litigation Practice Group P.C.*
U.S. Bankruptcy Court, Central District of California
Case No. 8:23-bk-10571-SC

Dear Sir/Madam:

This constitutes a demand to provide any and all documents and information evidencing the basis for, accounting of, and any defenses to my client's claims to avoid and recover, the transfers to Make it Ring Marketing LLC from The Litigation Practice Group P.C. ("Debtor").

This firm represents Special Counsel to Richard A. Marshack, Chapter 11 Trustee For The Bankruptcy Estate Of The Litigation Practice Group P.C. and Liquidating Trustee of the LPG

Make it Ring Marketing LLC

November 27, 2024

Page 2

Liquidation Trust (collectively, “Trustee”) in the above-referenced bankruptcy case. Pursuant to 11 U.S.C. § 1107 and his appointment as Trustee, the Trustee has the obligation to investigate and pursue claims, including fraudulent transfers, preferential transfers, and unauthorized post-petition transfers. Under the Bankruptcy Code, the Trustee has the power to file lawsuits seeking to avoid, recover, and preserve such transfers for the benefit of the Estate. *See* 11 U.S.C. §§ 544 *et seq.*

A review of the Debtor’s books and records confirms that Make it Ring Marketing LLC received 14 potential fraudulent conveyances totaling \$226,750.00, which can be avoided and recovered by the Trustee pursuant to 11 U.S.C. §§ 544 and 548 and Cal. Civ. Code. §§ 3439.04 and 3439.05.

The Trustee has been unable to determine why such transfers were made to Make it Ring Marketing LLC, what was provided to the Debtor in exchange for such transfers, and whether defenses exist to the Trustee’s claims to avoid and recover the transfers. Please respond to this letter attaching any evidence you have related to these transfers including contracts, agreements, subscriptions, invoices, and any other documentation showing the date, terms, and amounts for the transfers received and any documents evidencing shipment dates as to goods and services provided by Make it Ring Marketing LLC to the Debtor. Documents showing the course of dealing between Make it Ring Marketing LLC and the Debtor, the date of receipt of the Debtor’s payment and the amount, deposit date, and any proof of deposit for any or all of the transfers will be helpful in determining the permissibility of the transfers and what, if any, value the Debtor received in return for payments made to Make it Ring Marketing LLC.

You are further notified that the claims against Make it Ring Marketing LLC will be governed by the Federal Rules of Bankruptcy Procedure and the Federal Rules of Civil Procedure, which apply to lawsuits filed in federal bankruptcy courts such as the one in the Central District of California. Pursuant to these rules, every party to a lawsuit has a duty to preserve all evidence which could be relevant to the suit. These obligations also arise when, as here, litigation is reasonably foreseeable. This includes the duty to preserve all electronic evidence, such as emails discussing the incident or related to matters at issue in the suit. This duty to preserve evidence is broad and extends to all documents, regardless of whether the document is stored electronically (such as email) or in hard-copy and regardless of the type of document. For example, reports, spreadsheets, photographs and videotapes are all considered documents that must be preserved. Furthermore, the duty to preserve this documentary evidence extends to all documents in existence as of the time you reasonably anticipated this litigation.

To ensure that all relevant documents are preserved, you should communicate directly with all employees who have possession or control of potentially relevant evidence, including but not limited to personnel who deal with email retention, deletion, and archiving. You should advise each of these employees to preserve any relevant documents in their custody. Furthermore, you should advise all such persons that any regularly scheduled and/or automatic deletion of email or other electronic documents must be discontinued with respect to any relevant data. In addition, any document destruction (such as shredding of documents) must cease with respect to any relevant documents. All relevant documents, both electronic and paper, must be preserved for the duration of this litigation.

The deadline to respond to this request is December 11, 2024. Failure to respond and/or provide the requested documents will likely result in the Trustee filing an adversary complaint to avoid, recover, and preserve the subject transfers for the benefit of the Estate. If you would like to discuss

Make it Ring Marketing LLC

November 27, 2024

Page 3

this matter, please feel free to contact me by telephone at (216) 413-3841 or e-mail at ben.carnahan@dinsmore.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "BDC/jjp".

Benjamin D. Carnahan

BDC/jjp

EXHIBIT 3

Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Optimum Bank	Coast Processing LLC dba LPG	[REDACTED] 6738	11/30/2021	11/12/2021		11,250.00	WIRE TO Make it Ring Marketing LL
Optimum Bank	Coast Processing LLC dba LPG	[REDACTED] 6738	11/30/2021	11/19/2021		4,000.00	WIRE TO Make it Ring Marketing LL
Chase	The Litigation Practice Group PC	[REDACTED] 3158	12/31/2021	12/8/2021		12,000.00	Fedwire Debit Via: Bk Amer Nyc/026009593 NC: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: mv 2235 - Tcpa Complaint Leads Imad: 120881 Qgc080028586 Tm: 5422400342jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	12/31/2021	12/14/2021		22,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 us Ref: nv #: 2244 - Tcpa Leads Imad: 121 4B1 QgcO500i 1813 Tm: 6453000348jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	12/31/2021	12/27/2021		12,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 NC: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ret: Invoice 2245 Imad: i227B1Qgc08C024828 Tm: 4668700361 jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	12/31/2021	12/29/2021		12,000.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: Inv#: 2250 Imad: 1229B1Qgc07C029618 Tm: 7574300363jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	1/31/2022	1/10/2022		25,000.00	Fedwire Debit Via: Bk Amer Nyc/026009593 NC: Make It Ring Marketing LLC Lake Worth, FL 33463 us Ref: Inv 2256 - Tcpa Compliant Leads Imad: 01 1OB1Qgc07CO20914 Tm: 63733000i0jo
UnionBank	The Litigation Practice Group PC	[REDACTED] 94858	1/31/2022	1/14/2022		22,500.00	WIRE TRANS TRN 0114025566 011422 UBOC UB237483N Sent To: BANK OF AMERICA N.A. Beneficiary: 1/Make It Ring Marketing
UnionBank	The Litigation Practice Group PC	[REDACTED] 94858	2/28/2022	2/1/2022		30,000.00	WIRE TRANS TRN 0201026575 020122 UBOC UB151419N Sent To: BANK OF AMERICA N.A. Beneficiary: 1/Make it Ring Marketing LLC
Chase	The Litigation Practice Group PC	[REDACTED] 3158	2/28/2022	2/9/2022		12,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 NC: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: 2/7 To 2/11/22 Imad: 0209B1Qgc04C020245 Tm: 5706500040jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	2/28/2022	2/14/2022		12,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ret: 2293 Imad: 0214B1Qgc04C013197 Tm: 6692800045jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	2/28/2022	2/28/2022		25,000.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: 1nv2307 - 2/21 To 3/4/22 Imad: 0228B1Qgc05C018133 Tm: 4584000059jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	3/31/2022	3/11/2022		12,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: 2319 Imad: 0311 B1Qgc05C018859 Tm: 5828300070jo
Chase	The Litigation Practice Group PC	[REDACTED] 3158	3/31/2022	3/15/2022		12,500.00	Fedwire Debit Via: Bk Amer Nyc/026009593 A/C: Make It Ring Marketing LLC Lake Worth, FL 33463 US Ref: Inv 2319 - 3/7 To 3/11/22 Imad: 031 5B1 Qgc0I COI 4941 Tm: 6683300074jo
						226,750.00	

Adversary Proceeding Cover Sheet

B1040 (FORM 1040) (12/24)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS Richard A. Marshack, Trustee of the LPG Liquidation Trust		DEFENDANTS Make It Ring Marketing, LLC; King Consulting Group, LLC; Colton King
ATTORNEYS (Firm Name, Address, and Telephone No.) Christopher Celentino (SBN 131688) Yosina M. Lissebeck (SBN 201654) Christopher B. Ghio (SBN 259094) DINSMORE & SHOHL LLP 655 West Broadway, Ste 800 San Diego, CA 92101 Telephone (619) 400-0500 christopher.celentino@dinsmore.com yosina.lissebeck@dinsmore.com christopher.ghio@dinsmore.com Matthew J. Stockl (SBN 329366) DINSMORE & SHOHL LLP 550 South Hope Street, Ste 1765 Los Angeles, CA 90071 Telephone (213) 335-7737 matthew.stockl@dinsmore.com		ATTORNEYS (If Known)
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input checked="" type="checkbox"/> Trustee		PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) (1) Avoidance, Recovery, and Preservation of 2-Year Actual Fraudulent Transfers; (2) Avoidance, Recovery, and Preservation of 2-Year Constructive Fraudulent Transfers; (3) Avoidance, Recovery, and Preservation of 4-Year Actual Fraudulent Transfers; (4) Avoidance, Recovery, and Preservation of 4-Year Constructive Fraudulent Transfers; (5) Turnover; and (6) Disallowance of Claims.		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(a) – Recovery of Money/Property <input checked="" type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other - §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.04(a), 3439.04(b), 3439.05, and 3439.07		
FRBP 7001(f) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other		
FRBP 7001(b) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property		
FRBP 7001(g) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief- imposition of stay <input type="checkbox"/> 72-Injunctive relief - other		
FRBP 7001(c) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)		
FRBP 7001(h) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest		
FRBP 7001(d) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)		
FRBP 7001(i) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment		
FRBP 7001(e) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation		
FRBP 7001(j) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause		
FRBP 7001(f) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)		
Other <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa et.seq. <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)		
<input checked="" type="checkbox"/> Check if this case involves a substantive issue of state law <input type="checkbox"/> Check if a jury trial is demanded in complaint		<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23 Demand \$226,750.00
Other Relief Sought Disallowance of Claims - § 502(d)		

B1040 (FORM 1040) (12/24)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR The Litigation Practice Group P.C.	BANKRUPTCY CASE NO. 8:23-bk-10571-SC	
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Santa Ana	NAME OF JUDGE Scott C. Clarkson
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)		
<p>/s/ Matthew J. Stockl</p>		
DATE March 14, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Christopher Celentino Yosina M. Lissebeck Matthew J. Stockl	

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.